

**SERBIAN LABOR MARKET WITH SPECIAL
EMPHASIS ON DEFINING MARKETING
STRATEGY IN TOURISM**STOJANKA DAKIC,
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University of Novi Sad, Serbia**JEL Classifications:** J21, L38**Key words:** Labor market, marketing strategy, human resources in tourism.

Abstract: In addition to clear negative impact of the global economic crisis, which we witness, the labor market in Serbia has been faced with the transition problems accumulated through many years. Tourism and hospitality are among the those activities which have capacity to induce the entire system of other complementary activities that contribute to coping with the problem of high unemployment. The paper discusses role of developing marketing strategies in tourism sector of Serbia. As the author, it is important for the country to define a clear marketing strategy that includes adequate directing capabilities and resources in this industry in order to response to changes in the environment.

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PP. 60-62

Introduction

The last twenty years, we have become witnesses to the rapid development of tourism as a global industry, which according to all indicators, takes precedence and the role of leaders in economic life. It comprises an integral part of consumer habits and social behavior of a significant fraction of population in most countries. After 50 years of progressive growth, tourism has become more complex and sophisticated. Huge economic impact of this industry and its impact on human, cultural and natural environment require further development of the sector driven through precise statistics, the appropriate marketing research and responsible management.

According to the World Tourism Organization (WTO), the tourist traffic shows a tendency of progressive growth. Arrivals of foreign tourists will be reaching one billion worldwide in 2010 and even 1.56 billion by 2020. Exact predictions announce that the number of tourist arrivals in Europe could double by 2020 and will amount to 720 million tourists annually. Tourism is one of the most important social and economic activities in the countries of the European Union, which employs over 7 million people.

**Directions for further development
of labor market in Serbia**

Any economic recession means increasing unemployment and reducing wages. In addition to obvious negative impact of the global economic crisis, which we witness, the labor market in Serbia has been faced with the transition problems accumulated through many years. Heavy transition balance in labor markets are present in all transitional economies, particularly in the countries of Southeastern Europe.

Labor market in Serbia is characterized by following characters: high unemployment, which exceeds the rate in the EU and Eastern European countries; high percentage of long-term unemployment; high level of youth unemployment; problem of large regional inequalities in unemployment.

According to the Labor Force Survey of the total population in Serbia there are 34.8% employees, 42.2%

inactive, 9.1% unemployed and 13.9% persons younger than 15 years. For each employee comes 1.5 person who does not work. The sex ratio of employees is also unfavorable - the participation of women is 40.9%.

The following key indicators describe labor market in Serbia in 2009¹:

- a. the rate of active participation in the total population has a tendency of slight decrease from 65.2% in 2007 to 63.4% in 2008;
- b. the employment rate amounts 51.5% which is far from the targets set in the National Strategy of employment (70%);
- c. the employed people consist of 73.1% employees, 20.1% self-employed and 6.8% helping members;
- d. the share of employed people in services is 49.7%, in industry - 29.4% and in agriculture - 20.8%;
- e. unemployment rate, despite of the fall in relation to the 2006, remains high and amounts about 18%. It is significantly lower than the rate of registered unemployment (persons seeking employment), which amounts 33.1%²;
- f. Serbia has the highest rate of youth unemployment and it is amount 43.7%;
- g. participation of long-term unemployment in total unemployment is 81.3% and 14.7% in the active population;
- h. the unemployment rate of the people with primary education is 19.4%, secondary education - 20.7% and high education - 10.8%.

Despite the different interpretations and assessment of the labor market state indicators, it is clear that the three main indicators of the labor market - the rate of participation, the unemployment rate and employment rate - show a clear and uninterrupted trend of deterioration since 2001. Labor market

¹ Report on the development of Serbia in 2008, (2009), Republic Development Bureau, Belgrade.

² <http://www.razvoj.sr.gov.yu/SED/2007/Mart/a03.htm>.

indicators are considerably worse than the EU average. Employment rate is significantly below the targets set by the Lisbon strategy 2000. The unemployment rate in Serbia is more than two times larger than the EU average, and higher than the rates of unemployment in any EU Member State. Compared with other states and international protectorates of the Western Balkans, Serbia is somewhere in the middle according to labor market indicators.

Tourism and hospitality are among the activities that have basically very flexible and complex approach to employing people. Products and services of many activities involved in the formation of tourist products (trade, transport, agriculture, etc.), achieve a placement through tourist spending. Development and organization of tourist content offer in Serbia is done through tourism, transit of the main road, mountain, spa, hunting, rural, ethnic and eco-tourism in the preserved natural environment, nautical tourism on the Danube. Participation of tourism and hospitality industry in GDP is approximately 2% and it reaches 9% in the total exports of goods and services. Very diverse population segments are usually comprised by tourism and hospitality services.

All these features make tourism and hospitality as essential policy domains in alleviating the unemployment problem. Their development activates the entire system of other complementary activities, which can solve the problem of high unemployment. Likewise, certain occupations in tourism, especially in the hospitality industry, are suitable for employment of female labor force.

Tourism provides employment of people with different degrees of expertise. Namely, it includes people involved in the manufacturing process that directly provides the service (waiters, maids, etc.), those working in various technical processes (chefs, confectioners, animators), and creative workers that form the modern tourism products and deal with development policy (e.g. highly educated staff as economists, jurists, scholars, architects, psychologists).

Tourism is a phenomenon of the extreme sensitivity of action. Therefore, to the number of employees in tourism, it should be added also a seasonal workers that are employed in other activities which are induced by tourism. Because of this sensitivity, employees in tourism cannot achieve continuity in the work, or if they are permanently employed their earnings are also liable to seasonal tourism activities. In fact tourism, catering and hospitality experience restricting impacts of the seasonality and related demographic factors. Some of these negative aspects are the following:

- a. tourism market often cannot find adequate expertise profiles for "employment" during seasonal period, and in the working process they enter with lower qualifications, which, objectively, can damage the quality of services provided to costumers;
- b. reproduction process is very intensive in the period of the season and needs to be organized continuously during 24h and throughout the week (Sunday and during all months of the season). This leads to extension of time (through the usual legal and regulated maximum). In the period of the season there are no holidays for employees, free time is minimal, and it all bear many problems of population

distribution and organization of working time, holidays, days off, and etc., and it gets even more complicated in case of the seasonal work force that is intensively "consumed" in a short period of time;

- c. motivation to work in case of seasonal workers is often below the average. As they leave companies after the season and therefore they are not present during the "summarizing" results when there are opportunities for rewarding successful workers.

Marketing strategy in the light of further development of tourism

Theoretical elaboration and practical application of marketing concepts in the field of tourism have started later than in other sectors and activities. Today interest of wider community to tourism development begins to represent an additional factor for the inclusion marketing approach to the scope of activities of tourist policy holders. Application of marketing in tourism, today, is the result of very strong changes in the economy and society, the evolution of marketing in the direction of its application in service industries, as well as the tendency of the tourist market and tourism industry as a whole. Marketing concept puts customers in the center of business. To satisfy their needs and desires in the long-term becomes the main target. Only in this way, the company, but also the state, can survive in the tough competitive struggle that is increasingly intensified in Serbia.

Contemporary Serbia has only comparative advantage in tourism because it has a diversified structure of the primary attraction, it is close to traditional and new tourist markets, it has a long history and a general recognition, preserved natural resources and relatively good communication and it has great human potential.

However, Serbia is not efficiently positioned in the market. During the last 20 years, Serbia as a tourist destination, was largely outside the international competition that testifies today formation process and shaping of the tourism industry. In the world tourism market there have been important developments that also bypassed Serbia as the country did not adapt its tourist offer to the global trends. Despite the numerous attractions and values, Serbian travel products are not adequately developed or introduced and commercialized in the international tourist market. It is therefore necessary to improve the competitiveness of Serbian tourist offer in conformity with the desired positioning on the tourist market.

Application of marketing in service industries is especially emphasized in present conditions of competition increase and productivity stagnation. On the other hand, intensive development and the increasing importance of the service sector make this area very dynamic from the point of application of marketing concepts. Marketing services, therefore, require external, internal and interactive marketing, so we could say that it is a "triangle of marketing services". External marketing in a company consists of activities as creating concept, pricing, distribution and promotion of customer service. Internal marketing presents the work of organization in educating and motivating all employees to successfully service customers, while, interactive marketing

aims to keep promises in a way that provided services creates customer satisfaction. To achieve all these, there must be adequate resources of companies, which include employees and their skills, but also technology, knowledge and information, and customer as a co-creator of the services.

Commenting on the labor market related to tourism in Serbia and by taking into account the fact that tourism is one of the service activity in which the consumers and employees cooperate with each other when creating services, Serbia authorities have an obligation to: a) perform an internal marketing plan for tourism within the Serbian public, b) prepare and report professional and comprehensive Serbian "hospitality" program, c) reform education system for the tourist and hotel industry to international standards; d) evenly cover the whole system of secondary vocational schools for the catering and hospitality, e) enable Serbia with new sections of occupations in tourism and f) reform the system of employment and employment in tourism.¹

All these tasks arise from the fact that good business results come from satisfied and loyal customers as a result of higher value services. On the one hand, delivering quality service requires a good selection and training of employees, high-quality working environment and appropriate support to all who work with customers, in this case tourists. Previously stated proves the thesis that the basic objective of defining the strategy assumes directing capabilities and resources of companies toward appropriate response to changes in the environment. In other words, toward the adequate adaptation to changes and/or encouraging change in specific areas of business and in certain periods.

Conclusion

As a powerful ally in poverty alleviating course tourism has become a mainstay for many economies of developing countries. Tourism provides to many of them important, if not the only, opportunity for economic development and growth. It also supports generation of incomes for small businesses and those seeking work. In this way, this economic sector, provides a great contribution to the fight against poverty and helps reducing the growing gap between rich and poor countries.

It is often said that the tourism is aspect of the industry - "hospitality industry", "white industry", etc. Mass participation of people in various forms of tourism, built material-technical base and personnel have turned it into "industry". This refers to the use of industrial methods of production and realization of services in the hotel management, catering, transport and other economic activities of tourism, as well as activities in the financial and commercial operations, organization and management, the whole cycle of production, supply and implementation of tourist services. Accordingly, tourism plays an important role in developing the recipient economies and opening new workplaces.

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¹ <http://www.ivatourism.org>